



**Pacific Gas and
Electric Company™**

State Governmental Relations

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March 19, 2003

Ms. Linda Kelly, Transmission Program Manager
California Energy Commission
1516 Ninth Street, MS-43
Sacramento, CA 95814-5504

Dear Ms. Kelly:

Thank you for the opportunity to participate in the March 12, 2003, workshop on electric transmission R&D planning. Pacific Gas and Electric Company is pleased that the CEC is moving forward with this five-year plan to address the Research, Development, and Demonstration needs of California's electric transmission system. We appreciate the opportunity provided by the Commission to provide input to the design and implementation of this program. We are in full agreement with the CEC's goal to successfully develop and implement promising technologies in the transmission arena.

Although a number of issues have yet to be resolved, PG&E is firmly committed to working with you, the CPUC, the California ISO, and other interested parties to create a program that will not only solve California's current transmission problems, but will provide a more resilient transmission system for the future.

PG&E has worked with Southern California Edison and San Diego Gas and Electric to draft comments to address the areas covered in the March 12, 2003, Public Workshop. Our joint comments, which are attached, are organized to address the Scenario Analysis, the Gap Analysis, and the Implementation Plan presented at the workshop. In addition, we have provided a brief discussion on California IOU participation in all levels of the program.

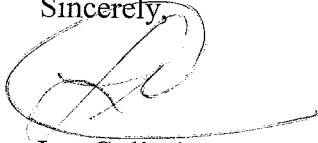
While PG&E supports these joint comments, we wish to raise two additional points: the role of utility research, and the role of the PAC in implementing the plan. PG&E believes that the starting point for the program should be the selection of viable projects rather than making sure that the IOUs conduct research. PG&E is primarily a distribution utility, and, as such, believes that research should be a secondary focus to our main mission as a provider of gas and electricity services. Our objective with respect to your program is to make sure that the right projects are pursued.

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In addition, PG&E believes that a Transmission Plan should contain projects for funding that will result in the greatest benefit to the ratepayers and citizens of California. A successful model for this type of R&D project selection already exists in the Pacific Earthquake Engineering Research (PEER) Lifelines Program, funded and administered by Caltrans, PG&E, UC Berkeley, and the CEC. We strongly encourage the CEC to adopt a Transmission Plan wherein the CEC, the IOUs, and the CAISO jointly select projects.

As stated in the joint comments, PG&E believes that rather than choosing one implementation strategy over another, the CEC should consider launching the PIER Transmission PAC and working collaboratively to develop the plan. This approach, we believe, will ensure successful implementation.

Sincerely,



Les Guliassi
Director of State Agency Relations

cc: Commissioner Arthur H. Rosenfeld - CEC
Commissioner John L. Geesman - CEC
Robert Therkelsen, Executive Director - CEC
Jamie Patterson, Associate Electrical Engineer - CEC
President Michael R. Peevey - CPUC
William Ahern, Executive Director - CPUC
Paul Clanon, Director, Energy Division - CPUC
Barbara Hale, Director, Strategic Planning - CPUC

Attachment